

Message Text

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ACTION SP-02

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C O N F I D E N T I A L SECTION 1 OF 2 GABORONE 2142

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E.O. 11652: GDS
TAGS: ECON LT WZ BC
SUBJECT: FOREIGN ECONOMIC POLICY TOWARD AFRICA

REF: STATE 164983

1. THIS REPORT COVERS BOTSWANA, LESOTHO AND
SWAZILAND AND REFLECTS DISCUSSIONS OVER PAST YEAR
AS WELL AS MORE RECENT CONSULTATIONS AND INPUTS
FROM THE OTHER TWO POSTS. FOLLOWING ARE REACTIONS,
COMMENTS AND RECOMMENDATIONS.

2. REACTIONS. DISCUSSION PAPER (REFTEL) IS
WELCOME INITIATIVE IN RECOGNITION OF FACT THAT
AID PROGRAMS CAN AND MUST BE SIGNIFICANTLY
STRENGTHENED AND MORE SHARPLY FOCUSSED IF AID IS
TO BE RESPONSIVE TO NEEDS OF AFRICAN LDCS AND THUS
MORE EFFECTIVE AS THE PRINCIPAL INSTRUMENT FOR
HELPING TO ACHIEVE (A) OUR AFFIRMATIVE POLICY
OBJECTIVES IN AFRICA, AND (B) THE SPECIFIC
GOALS OF PEACE AND STABILITY IN THIS REGION.
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THIS REACTION REFLECTS THE FOLLOWING BROAD
CONSIDERATIONS:
A) THE SITUATION OF SOUTHERN AFRICAN COUNTRIES
IS SUBSTANTIALLY DIFFERENT FROM OTHER REGIONS
OF AFRICA. WE FACE DISTINCTIVE DEVELOPMENT
PROBLEMS THAT REQUIRE IMAGINATION AND FLEXIBILITY,
E.G., THE THREE BLS COUNTRIES BORDER ON

SOUTH AFRICA AND ARE OVERWHELMINGLY DEPENDENT ON IT; THE NEED TO STRENGTHEN SECURITY AND DECREASE DEPENDENCE DOMINATES ECONOMIC PLANNING, PARTICULARLY IN LESOTHO AND BOTSWANA. OUR ASSISTANCE SHOULD BE MORE RELEVANT TO, AND RESPECTFUL OF, THEIR PRIORITIES.

B) REFTEL OUTLINES MANY OF THE REQUIRED REMEDIES, I.E., FLEXIBILITY, RECOGNITION THAT INFRASTRUCTURE IS INDISPENSABLE (EVEN TO MEET BASIC HUMAN NEEDS BHN), IMPORTANCE OF FACILITATING EXPORTS, NEED FOR NON-PROJECT TRAINING, AND (PERHAPS MOST DARING) ACKNOWLEDGMENT THAT THE LEAST DEVELOPED REQUIRE ASSISTANCE TO MEET RECURRING COSTS. THESE IDEAS ARE LIKE A BREATH OF FRESH AIR IN WHAT HAS BECOME MUSTY BUREAUCRATIC ATMOSPHERE.

3. FROM PERSPECTIVE OF SOUTHERN AFRICA, ONE POINT IN THE PAPER (PARA 6) STRIKES ME AS DETRACTING FROM THE REST BY ITS RESEMBLANCE TO CURRENT APPROACH. I REFER TO "UNDERTAKING A LONG-TERM INTEGRATED DEVELOPMENT STRATEGY WHICH ADDRESSES FUNDAMENTAL AFRICAN PROBLEMS" NOT NOW FOCUSED ON. IT IS OUR IMPRESSION THAT SUCH A STRATEGY HAS BEEN THE SUBJECT OF REPEATED RESEARCH OVER THE YEARS; INDEED CONFIDENTIAL

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THE LATEST IS THE MILLION DOLLAR STUDY KNOWN AS SADAP. PERHAPS IT IS BECAUSE PREVIOUS STUDIES HAVE REVEALED HOW "FUNDAMENTAL" THE PROBLEMS OF THIS REGION ARE THAT WE FIND IT MORE CONVENIENT TO RESTUDY THEM THAN TO DEAL REALISTICALLY WITH THEM. ANOTHER SEARCH FOR A SATISFACTORY AGREED "STRATEGY" FOR THIS REGION EVOKES THE PROSPECT OF ENDLESS STUDIES LIKELY ONLY TO CONFIRM THE EXISTENCE OF FUNDAMENTAL DIFFICULTIES, E.G., THE FACT OF ECONOMIC DEPENDENCE AND RELIANCE ON SOUTH AFRICA, ABSENCE OF INFRASTRUCTURE, SHORTAGE OF TRAINED MANPOWER--AND ALSO THE DIFFICULTY OF FINDING OUTSIDE EXPERTISE OR PLANNING BETTER ABLE TO DEAL WITH LOCAL PROBLEMS THAN THE COUNTRIES THEMSELVES HAVE. THE THREE BLS COUNTRIES (BUTNMOST ESPECIALLY BOTSWANA) HAVE DEVISED AND ARE CARRYING OUT "LONG-TERM INTEGRATED DEVELOPMENT STRATEGY". OUR ROLE SHOULD BE TO ASSIST THEM IN AREAS WHERE WE HAVE RESOURCES AND EXPERTISE TO DO SO.

4. RECOMMENDATIONS. EXAMPLES OF SPECIFIC PROPOSALS FOR REGIONAL AND COUNTRY DEVELOPMENT IN BLS CAN BE SUMMARIZED IN FOUR CATEGORIES: INFRASTRUCTURE, MANPOWER TRAINING, EXPORT PROMOTION AND SECTOR DEVELOPMENT SUPPORT.

A) INFRASTRUCTURE. EXAMPLES OF MAJOR VITAL NEEDS ARE: (1) ROADS: TRANS-KALAHARI ROAD TO NAMIBIA (JWANENG-GHANZI); FEEDER ROADS IN SWAZILAND AND LESOTHO, ASSUMING THE NATIONAL PERIMETER ROAD IS ASSURED IN LATTER; (2) POWER GENERATION: COAL AND HYDRO POWER PLANTS TO GENERATE ELECTRICITY IN BOTSWANA AND LESOTHO; (3) WATER: DEVELOPMENT OF WATER RESOURCES IS CRITICAL ESPECIALLY IN LESOTHO AND

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BOTSWANA, E.G., THE OKAVANGO DELTA, OXBOW AND ORANGE RIVER PROJECTS WITH SOIL CONSERVATION A MAJOR COMPONENT; (4) RAILWAYS: GOB LINKS ITS ECONOMIC FUTURE TO ITS RHODESIAN RAILROAD LIFELINE. FLEXIBILITY WILL BE ESSENTIAL IF WE ARE TO PARTICIPATE EITHER IN GOB CONTINGENCY PLANS OR EVENTUAL ASSUMPTION OF FULL OPERATIONAL RESPONSIBILITY;

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(5) AIRPORTS:

BOTH BOTSWANA AND LESOTHO ARE MOVING AHEAD WITH PLANS FOR NEW AIRPORTS AND SWAZILAND IS NOT FAR BEHIND. WE HAVE SUCCESSFULLY (AND PERHAPS RIGHTLY) AVOIDED CAPITAL INVESTMENT ROLE. THIS SHOULD NOT EXCLUDE POSSIBLE TRAINING ASSISTANCE, ESPECIALLY IN ELECTRONIC AND OTHER EQUIPMENT; (6) OTHER CONSTRUCTION: THERE ARE TREMENDOUS NEEDS IN SUCH SECTORS AS REFUGEE RESETTLEMENT, URBAN HOUSING, RURAL CLINIC CONSTRUCTION (E.G., IN SWAZILAND) AND CLASSROOMS FOR VOCATIONAL SCHOOLS. A LANDSAT STATION FOR SOUTHERN AFRICA WOULD ALSO HELP MEET A GROWING NEED.

B) MANPOWER TRAINING. REFTEL CORRECTLY NOTES MOST AID TRAINING RELATES TO PROJECTS. EXCEPT FOR SOME SMALL CU PROGRAMS, OUTSTANDING HIGH SCHOOL GRADUATES IN BLS COUNTRIES HAVE LITTLE CHANCE TO STUDY IN THE US. A PROGRAM, EVEN A MODEST ONE OF 20 UNDERGRADUATE AND TEN GRADUATE SCHOLARSHIPS PER YEAR PER COUNTRY, CONFIDENTIAL

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WOULD ENCOURAGE MANY QUALIFIED STUDENTS WHO OTHERWISE ARE AT EDUCATIONAL DEAD END.

C) EXPORT PROMOTION. WE HAVE BECOME SO ACCUSTOMED TO CONGRESSIONAL PROHIBITIONS AND THE INFLUENCE OF LOBBIES THAT LITTLE ENTHUSIASM REMAINS FOR EXPORT PROMOTION--DESPITE THE FACT THAT IT IS THE MOST EFFICIENT AND PREFERRED MEANS OF ENHANCING LDC RESOURCES. BEEF EXPORTS TO US FROM BOTSWANA (EVEN TOKEN AMOUNTS) WOULD REPRESENT A TREMENDOUS BOOST TO AVERAGE LESOTHO CONSTITUTE THE BEST (AND MANY WOULD SAY ONLY) VIABLE PROSPECT OF EXPANDING EARNINGS FOR LESOTHO RURAL POOR IN AN EQUITABLE WAY.

D) SECTOR DEVELOPMENT SUPPORT. AS RECENTLY REPORTED, A NUMBER OF EXPERTS HAVE BEGUN TO REALIZE THAT DONOR COUNTRIES HAVE TO REASSESS THEIR VIEWS ON FINANCING RECURRENT BUDGET COSTS. FOR A COUNTRY LIKE LESOTHO, FOR EXAMPLE, NO ONE SERIOUSLY SUGGESTS THAT THE GOL WILL BE ABLE TO PAY COSTS OF PROJECTS CURRENTLY UNDERWAY, I.E., UNLESS IT CAN SELL MORE MOHAIR OR BEEF (AND EVENTUALLY WATER) WHICH NOW APPEARS UNLIKELY. WE HAVE STUDIED AND ARE STILL LOOKING AT POSSIBLE US ROLE IN ATTACKING REGIONAL HEALTH PROBLEMS, BOTH HUMAN (E.G., TB) AND ANIMAL. A US

ALTERNATIVE ENERGY STUDY TEAM (AID-FINANCED)
HAS JUST SPENT A MONTH IN THE AREA. IT GOES
WITHOUT SAYING THAT WE EARNESTLY HOPE SOME
SPECIFIC PROJECTS WILL RESULT FROM THESE AND
OTHER SECTOR STUDIES. IT IS NEVERTHELESS TRUE
THAT THE SERIOUS OBSTACLES STILL IMPEDE
REGIONAL COOPERATION, EVEN IN HEALTH. OTHER
OBSTACLES, BOTH HUMAN AND MATERIAL, APPEAR TO
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HAVE DIMMED PROSPECTS OF ANY BREAK-THROUGH
IN DIVERSIFYING ENERGY SOURCES ACCORDING TO
INITIAL REACTIONS OF RECENT US STUDY TEAM.

5. FINALLY, THERE IS MUCH THAT CAN BE DONE
TO ENCOURAGE AMERICAN INVESTMENT IN BLS
COUNTRIES, E.G., BY INSURING AGAINST
POLITICAL RISK. SUCH ENCOURAGEMENT WOULD BE
THE LOGICAL COUNTERPART IF US DECIDES TO
DISCOURAGE INVESTMENT IN SOUTH AFRICA.

6. CONCLUSION. AS STATED BY PRESIDENT CARTER
AT ANNAPOLIS, "TRADE AND ECONOMIC AID" ARE THE
MAIN INSTRUMENTS IN OUR AFFIRMATIVE AFRICAN
POLICY. IF WE ARE TO STABILIZE FRIENDLY
GOVERNMENTS AND LESSEN THE LIKELIHOOD OF TENSION
AND CONFLICT, THEY MUST BE EFFECTIVE
INSTRUMENTS. THE PROPOSALS OUTLINED REFTEL
WOULD NOT ONLY BE HELPFUL BUT ARE PROBABLY
ESSENTIAL IF WE ARE TO HAVE ANY SUCCESS IN
REACHING THOSE GOALS.
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